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# **Argentina**

# **Oilseeds and Products Update**

2014/15 Soybean Planted Area Estimate Down Slightly, but Excellent Weather Maintains Production Estimate at 57 Million Metric Tons; Peanut Area Estimate Up 6 Percent

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#### **Report Highlights:**

With the 2014/15 soybean planting virtually 100 percent complete, Post adjusts soybean planted estimate slightly down to 20.8 million hectares. Post maintains 2014/15 soybean production at 57 million metric tons (mmt), as excellent weather is poised to increase yields and thereby offset the reduction in planted area. Farmer surveys indicate that area planted to peanuts is estimated up six percent above the official USDA estimate, at 385,000 hectares. Sunflower oil prices have proven themselves the least vulnerable to commodity price drops, and crush is estimated at 2.4 mmt.

### **Soybeans**

Post marginally lowers its soybean production area estimate to 20.8 million hectares. The 2014/15 crop is virtually 100 percent planted, and producers increased area this year but slightly less than analysts had initially speculated. Post maintains its production estimate at 57 million metric tons (mmt). December and January brought excellent precipitation patterns for most of Argentina's soybean producing provinces, which should lead to better-than-anticipated yields which will handily offset the reduction in Post's estimated planted area.

Producers and most agricultural input companies continue to state that they are operating in survival mode for 2014/15. Agricultural production input investments are minimal. Data on fertilizer use in soybean production, for example, indicates stagnation—and even decreased use—over the past three years. Yields have subsequently stagnated. One sector that should see growth is herbicides, as most producers cannot farm without them. Recent studies report that herbicide costs can now account for as much as 40 percent of overall production costs. The current survival policies may be necessary for producers with limited access to capital, but the policies will lead to increased production costs for the upcoming 2-3 years, when soil remediation will be necessary.

Post's estimated 2014/15 exports are at 10 mmt, in line with 2013/14 exports. In 2014, the Argentine Ministry of Agriculture reported that soybean complex exports grew 17 percent year on year. Soy exports served to prop up Argentina's otherwise diminishing agricultural export sector, which as a whole fell four percent by volume in 2014. Moving forward in 2015, commodity prices and what many in the market would view as an overvalued peso will render Argentine soybean exports less competitive on the global scale.

Post estimates 2014/15 crush at 41 mmt. According to the Argentine Ministry of Agriculture, a total of 37.9 mmt of soybeans were crushed in 2014, a record and 1.6 percent higher than the last crushing record, which was achieved in 2011.

Oilseed, Soybean (Local)	2012/2013 Apr 2012		2013/2014 Apr 2013		2014/2015 Apr 2014	
Market Begin Year						
Argentina	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	19,400	19,400	19,800	20,300	20,000	20,800
Area Harvested	19,400	19,400	19,800	20,030	20,000	20,800
Beginning Stocks	4,639	5,717	8,620	8,200	15,680	10,200
Production	49,300	49,300	54,000	54,000	55,000	57,000
MY Imports	2	2	1	0	1	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	53,941	55,019	62,621	62,200	70,681	67,200
MY Exports	7,817	8,400	7,721	10,000	8,300	10,000
MY Exp. to EU	50	50	50	0	50	0
Crush	35,004	36,750	36,220	40,000	39,850	41,000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2,500	1,669	3,000	2,000	3,100	2,000
Total Dom. Cons.	37,504	38,419	39,220	42,000	42,950	43,000
Ending Stocks	8,620	8,200	15,680	10,200	19,431	14,200
Total Distribution	53,941	55,019	62,621	62,200	70,681	67,200
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#### **Peanuts**

Post increases Argentina's 2014/15 estimated peanut production area up six percent to 385,000 hectares, based on farmers' planting decisions to put additional land into production. Production is estimated at 1.05 mmt, based on estimated area planted to peanuts and historic yield trends. Historic yield trends should be a decent production indicator as precipitation has been average, plantings were slightly late in comparison with past years, and the current crop enjoys strong vegetative health indices, with Córdoba province (responsible for approximately 90 percent of national production) reporting 80 percent of the crop between "excellent" and "very good."

**The Russia Factor**: The Russian Federation accounted for 12 percent of Argentina's peanut exports and three percent of Argentina's total exports. Analysts believe that the estimated 70 percent devaluation of the Russian ruble over 2014 will reduce Argentina's ability to export to Russia in 2015.

Exports are being reduced to 600,000 mt. Local FOB prices for blanched peanuts ranged between US\$154 and US\$158 in April-November, 2014, in contrast to the same period in 2013 when FOB prices ranged between US\$160 and US\$168. These prices were calculated at the official exchange rate of US\$1=ARS8.6. The market's parallel rate from 2013 to 2014, however, has also increased its divergence from the official rate, leading to even slimmer margins for peanut exporters. Export volumes, but especially values, are likely to experience the impact of prices and the Russian devaluation.

Oilseed, Peanut	2012/2	2012/2013		2013/2014		2014/2015	
Market Begin Year	Mar 2012		Mar 2013		May 2014		
Argentina	USDA Official	New post	USDA Official	New post	USDA Official	New post	
Area Planted	380	380	380	380	360	385	
Area Harvested	380	380	378	378	360	382	
Beginning Stocks	523	523	713	713	875	875	
Production	1,016	1,016	997	997	1,000	1,050	
MY Imports	0	0	0	0	0	0	
MY Imp. from U.S.	0	0	0	0	0	0	
MY Imp. from EU	0	0	0	0	0	0	
Fotal Supply	1,539	1,539	1,710	1,710	1,875	1,925	
MY Exports	585	585	585	585	700	600	
MY Exp. to EU	450	450	420	420	465	450	
Crush	211	211	220	220	250	220	
Food Use Dom. Cons.	20	20	20	20	22	20	
Feed Waste Dom. Cons.	10	10	10	10	15	10	
Fotal Dom. Cons.	241	241	250	250	287	250	
Ending Stocks	713	713	875	875	888	1,075	
Total Distribution	1,539	1,539	1,710	1,710	1,875	1,925	
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### **Sunflowers**

Post marginally lowers the 2014/15 sunflower area to 1.35 million hectares, based on more accurate planting decisions from the field. With less area in production, Post adjusts 2014/15 sunflower production downwards to 2.43 mmt. The 2014/15 sunflower harvest is underway, with approximately 14 percent of the harvest completed. Rains have delayed the harvest, but yields are better than what analysts anticipated. Initial yield estimates are being reported at 1.82 mt/hectare. Harvests from around the country are indicating good yields, except for those from northern Santa Fe province, plagued by excessive precipitation.

In the Argentine Ministry of Agriculture's release of its final 2014 crush statistics, sunflower crush was estimated at 2.22 mmt. Post estimates the 2014/15 sunflower crush at 2.4 mmt, based on current price trends and anticipated market reactions. Buoyed by government minimum price supports, sunflower oil—the Argentine consumer's traditional cooking oil of choice—is the cooking oil that has best weathered plummeting oil prices over the past nine months. Competing cooking oils derived from soybeans and canola have not been as fortunate.

Oilseed, Sunflowerseed	2012/2013 Mar 2012		2013/2014 Mar 2013		2014/2015 Mar 2014	
Market Begin Year Argentina						
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	1,623	1,623	1,300	1,315	1,400	1,350
Area Harvested	1,623	1,623	1,300	1,315	1,400	1,350
Beginning Stocks	369	369	1,018	1,018	760	801
Production	3,100	3,100	2,100	2,100	2,500	2,430
MY Imports	7	7	2	8	2	7
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,476	3,476	3,120	3,126	3,262	3,238
MY Exports	84	84	80	75	80	80
MY Exp. to EU	20	20	20	20	20	20
Crush	2,344	2,344	2,250	2,220	2,500	2,400
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	30	30	30	30	30	30
Total Dom. Cons.	2,374	2,374	2,280	2,250	2,530	2,430
Ending Stocks	1,018	1,018	760	801	652	728
Total Distribution	3,476	3,476	3,120	3,126	3,262	3,238
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## **Related Reports:**

- Argentina November 2014 Oilseeds Update Report
- Argentina September 2014 Oilseeds Update Report
- Argentina 2014 Oilseeds Annual Report